

HOUSE BILL NO. 21

INTRODUCED BY J. BALYEAT

A BILL FOR AN ACT ENTITLED: "AN ACT MAXIMIZING GENERAL FUND REVENUE BY ENHANCING COLLECTION OF STATE REIMBURSEMENT FOR INDIRECT COSTS ASSOCIATED WITH FEDERAL OR PRIVATE CONTRACTS AND GRANTS; REQUIRING FULL RECOVERY OF INDIRECT COSTS FROM FEDERAL AND PRIVATE GRANTS; PROVIDING THAT AN AGENCY MAY NOT WAIVE REIMBURSEMENT FOR INDIRECT COSTS; PROVIDING AN EXCEPTION FOR UNITS OF THE UNIVERSITY SYSTEM AND INTRAAGENCY OR INTERAGENCY GRANTS AND CONTRACTS; REQUIRING THE DEPARTMENT OF ADMINISTRATION TO PROVIDE ASSISTANCE TO AGENCIES; AMENDING SECTION 17-3-111, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-3-111, MCA, is amended to read:

"17-3-111. Indirect cost rates -- allocation. (1) Grantee agencies shall, in accordance with federal regulations and guidelines and with private grant rules, as appropriate, negotiate indirect cost ~~rates and endeavor, to the fullest extent possible, to~~ reimbursement amounts and methodologies and recover indirect costs of federal assistance programs and private assistance programs.

(2) An agency, including EXCEPT FOR a unit of the university system, that applies for or otherwise receives funds through federal or private grants or contracts that do not allow the agency to fully recover indirect costs shall notify and receive written approval from its approving authority prior to accepting the funds.

(3) An agency, including EXCEPT FOR a unit of the university system, may not, as part of the grant or contract proposal or negotiation process, waive or otherwise forfeit the agency's ability to recover indirect costs that are otherwise allowable costs under the program, EXCEPT FOR INTRAAGENCY OR INTERAGENCY GRANTS OR CONTRACTS. For grants or contracts for which the entity providing the funds limits administrative cost reimbursements or indirect cost recoveries by regulation, policy, or guideline, statewide and agency indirect costs paid originally from the general fund must be claimed first, other indirect costs must be claimed second, agency direct costs of administration must be claimed third, and program direct costs must be claimed last. For grants or contracts for which there is no limit on indirect costs or administrative costs, indirect and administrative

1 costs must be claimed first and direct program costs must be claimed last.

2 (4) THE DEPARTMENT SHALL PROVIDE TECHNICAL ASSISTANCE TO AN AGENCY ON HOW TO BUILD INDIRECT COSTS
3 INTO A GRANT.

4 (2)(4)(5) Indirect costs recovered from federal sources pursuant to the statewide cost allocation plan
5 provided in 17-3-110, except those costs recovered by a unit of the university system, must be deposited in the
6 general fund. All other indirect costs, except those costs recovered by a unit of the university system, must be
7 deposited in the fund from which the indirect costs were originally paid."

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9 NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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